

**STATEMENT OF THOMAS M. DOWD
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EMPLOYMENT AND TRAINING ADMINISTRATION
BEFORE THE SUBCOMMITTEE ON FEDERALISM AND THE CENSUS
HOUSE GOVERNMENT REFORM COMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES**

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Mr. Chairman, and members of the Subcommittee, I am pleased to have the opportunity to testify regarding the Employment and Training Administration's (ETA's) experience using Census data. ETA views Census data as a vital tool in many aspects of our work: (1) formula funding and state planning; (2) workforce and economic development planning; (3) research and evaluation; and (4) targeted population initiatives. At ETA, we recognize the importance of longitudinal data to continuously assess and develop our programs, policies and initiatives.

Introduction

ETA's mission is to contribute to the more efficient and effective functioning of the U.S. labor market by providing high quality job training, employment assistance, labor market information, and temporary partial wage replacement. These services are provided primarily through state and local workforce investment systems. In pursuit of this mission, we strive to understand the labor market, understand its relationship to the American economy, and facilitate the preparation of American workers for the jobs of the 21st century.

With \$10.6 billion requested for Fiscal Year (FY) 2006, ETA is committed to administering programs that have at their core the goals of enhanced employment opportunities and business prosperity. These programs include those authorized by the

Workforce Investment Act of 1998 (WIA); Trade Adjustment Assistance; Unemployment Insurance; and Apprenticeship programs.

It is important to note that WIA attempted an overhaul of the Nation's public workforce system, and in the past five years we have made good progress toward that end. This Act was intended to create a customer-driven system that helps employers obtain the workers they need and empowers job seekers to meet the challenges of the 21st century by obtaining the jobs needed to become productive citizens. The Administration has proposed significant reforms to improve WIA by increasing flexibility, reducing overhead and strengthening the One-Stop Career Center System.

WIA is a decentralized system governed by states and local workforce investment areas. The funding and governance provisions of WIA provide the basic framework for the overall public workforce investment system, and the basis for planning WIA services at the state or local level. This planning is dependent upon updated population data information for effective management and better, accountable results.

ETA Funding Formulas and State Planning

Funding Formulas

WIA requires that Census data be used as the basis for factors relating to disadvantaged adults and disadvantaged youth in the statutory formula used by DOL to distribute Adult and Youth Activity program funding among States and used by States to distribute funding among local workforce investment areas. Other factors in the statutory formula use unemployment data from the Bureau of Labor Statistics. Through special Census Bureau tabulations prepared for DOL, decennial data is provided to

identify the number of individuals by age and specified poverty income levels for states, counties, minor civil divisions, cities, and place/county parts.

Decennial Census data is also used as the only data in the administrative formula to determine the funding levels among WIA Native Americans Comprehensive Services and Supplemental Youth Services program grantees. In addition, decennial Census data and the five-year Census of Agriculture data are used in the administrative formula for distributing funds among WIA National Farmworker Job Training program grantees. Other data for the Farmworker program formula are derived from the National Agricultural Workers Survey and the Farm Labor Survey. ETA also relies on the annual population estimates produced by the Census Bureau as part of the statutory formula used to distribute funding among States for the Senior Community Service Employment Program (SCSEP). Once SCSEP formula funding to each State is determined, the resources are distributed among areas within the State based on decennial data. As part of the SCSEP program, Census data is further used to develop State plans that coordinate employment activities for seniors and to determine income eligibility among program participants.

Strategic State Plans

Development of a strategic state plan for workforce programs requires the use of demographic and economic information and analysis to drive investments, identify strategic partners, and design effective service delivery systems. Under title I of WIA, Governors are required to submit a strategic five-year state plan in order to receive funding under the WIA Adult, WIA Youth, WIA Dislocated Worker and the Wagner-Peyser programs. Under the state unified planning provision authorized under title V of

WIA, states are encouraged to utilize a comprehensive plan covering many of their workforce-related programs.

As a foundation for these strategic plans, states are to provide a detailed analysis of the State's economy, the labor pool, and the labor market context, using a variety of data elements from Census Bureau data and supplemental labor market reports. Elements of the analysis usually include: (1) the current makeup of the State's economic base by industry,(2) the projected growth of industries and occupations in the short term and over the next decade, (3) industry and occupation demand for skilled workers and available jobs, (4) skill needs for the available, critical and projected jobs, (5) current and projected demographics of the available labor pool, and (6) migration trends of workers and their impact on the labor pool, among other elements. Based on such analysis of the economy and labor market, states are then able to identify workforce development issues and to prioritize them accordingly to ensure the state's economic health and growth.

State and Local Area Economic Planning and Management

ETA is leading an effort to encourage states and local communities to ensure that their workforce systems are demand driven. This requires a solid knowledge of workforce and demographic trends. Therefore, Census Bureau data are a key tool for states and local areas, assisting them in economic planning, program management, and performance accountability.

Local Employment Dynamic Partnership

In 1999, a voluntary Federal-state partnership was formed, where partner states agreed to supply quarterly Unemployment Insurance (UI) worker and business records and state administrative records to the Census Bureau, in return for the Census Bureau

generating quarterly local workforce-related data that helps local policy-makers, job seekers, education and training institutions, and employers better understand labor markets at the state, county, and metropolitan-area levels in order to make informed decisions. The Local Employment Dynamics (LED) initiative is a partnership between the Census Bureau and 38 states— representing more than 80% of the population in the U.S. This initiative is the cornerstone of the Census Bureau’s Longitudinal-Employer Household Dynamic (LEHD) program for which the President has requested funding to fulfill its intended objectives for Fiscal Year (FY) 2006.

The LED partnership provides 29 indicators of economic activities, called Quarterly Workforce Indicators. State and Local Workforce Investment Boards are using this new data to learn about where workers and businesses are, what industries are hiring workers, and what workers get paid. Employers can find out where workers are to help decide on new business locations or to target hiring efforts. Educational and training institutions can examine earnings for new and incumbent workers in different industries to benchmark their performance and improve placement strategies. Job seekers are able to use the data to see which types of businesses are hiring workers of their age, what they are paying, and apparent industry growth trends.

With ETA funding support, the Census Bureau is starting a pilot project on dynamic mapping involving 12 states. This project will demonstrate the geographical relationships between where people live and where they work. Such understanding has tremendous potential for economic development, the deployment of workforce services and the design of family and community services. For instance, policy-makers or businesses are able to track through dynamic maps whether childcare facilities, One-Stop

Career Centers, or public transportation services are available in close proximity to where low-wage workers live and whether public transportation is serving their needs accordingly. The Census Bureau is also currently developing, with ETA funding, templates that provide customized labor market information to facilitate planning for policy-makers, as opposed to data tables that most people find difficult to understand and utilize.

Market-Response Education and Employment Training System

Market-responsive Education and Employment Training System (MEETS) is another DOL initiative that focuses on how new labor market information can help state and local workforce investment stakeholders make decisions and develop workforce programs that meet the needs of employers and workers. MEETS uses official industry classifications and Census Bureau LED Quarterly Workforce Indicators to define and analyze employment dynamics in target industries. This is done by designing and pilot testing the use of linked administrative records as a strategic tool for the workforce investment system in serving businesses and workers. MEETS focuses on high-growth and high priority job industries and describes an approach to the delivery of new labor market information that can be adapted to any mix of employment opportunities and challenges.

Research and Evaluation

The Census Bureau offers diverse data of high quality, which is vital to the policy community and which can be expensive and labor-intensive for each agency to collect on its own. ETA and other Federal agencies are able to use Census data for their research and evaluation purposes without having to duplicate or fund new resources to obtain such

data. The Census Bureau also administers supplements on behalf of agencies who would like to obtain additional information on specific populations. As an example, within ETA's research and evaluation activities, supplements from the Current Population Survey (CPS), which are administered by the Census Bureau, are used to obtain information on the UI program. The CPS is the primary source of information on the labor force characteristics of the U.S. population. ETA relied on a Contingent Workforce Supplement in a study to learn more about the changing nature of employment; specifically, to understand the usage of alternative employment arrangements in states. The study helped provide ETA with a better understanding of work arrangements and its potential impact on UI. Currently ETA has an Interagency Agreement with the Census Bureau to support the development and administration of a supplement to the CPS to address unemployment insurance issues, particularly how unemployed individuals utilize the UI benefits system.

Targeted Population Initiatives

One initiative that has very been successful in leveraging the power of Census data to better implement its objectives is the Limited English Proficiency (LEP) target population initiative. Title VI of the Civil Rights Act of 1964 prohibits discrimination against any person on the basis of race, color, or national origin in any program receiving federal financial assistance, and Executive Order (EO) 13166 issued in 2000 emphasizes the fact that the protections of the Civil Rights Act apply also to those with limited English proficiency. As a result of EO13166, titled "Improving Access to Services for Persons with Limited English Proficiency", all federal agencies responsible for administering federal financial assistance were asked to issue guidance to their grantees

on the provisions of the law. DOL issued guidance on May 29, 2003, which helps the system understand how federal grant funds and partnerships can further maximize the coordination of benefits to this group.

After issuance of the guidance, ETA formed a Limited English Proficiency Workgroup, which was charged with assessing ETA's ability to promote services to this population and ensuring that clear guidance was made available to the public workforce investment system. One of the Workgroup's investments was to work with the Census Bureau to acquire specific data on LEP populations. The Census Bureau produced special tables for ETA, which sort the number of people who speak one of 39 different languages, and who live in a single state, as well as by each local workforce investment area in that state. Some limited social demographics are also provided for each group, such as education, employment status, and income. Since WIA, as a primary funding stream for public workforce programs, is a decentralized system governed by states and localities, this specialized information helps states and local areas determine the size, primary languages and characteristics of the LEP population in their area, and hence their level of responsibility for providing meaningful access to workforce services in their area.

We feel that all of this information is of great value to workforce investment system stakeholders, as it will enable them to determine whether there is a significant population of individuals in their area in need of LEP services, and if so give them some parameters around which to plan LEP services. Furthermore, this information will be useful to any Federal agency funding grantees by state or similar local areas.

ETA also relies on specialized population reports developed by the Census Bureau to formulate policies and initiatives around other special populations that are becoming more and more integral parts of the labor force. Reports on older workers, Hispanics, immigrants, and Asian-Americans form the foundation for the development of workforce policies and initiatives that contribute to ensuring America's labor force remains competitive in the 21st century. By developing workforce strategies to engage these growing segments of labor force we are able to assist high-growth industries by providing a pool of readily skilled workers to meet their particular needs.

Conclusion

Mr. Chairman, this concludes my testimony. Again, I appreciate this opportunity to appear before you on behalf of the Employment and Training Administration. I am prepared to respond to any questions that you may have.